

Doubts raised over 'First Homes' scheme

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By Joey Gardiner 20 December
2019

Housing industry welcomes Queen's speech but fears repeat of Starter Homes failure

Industry leaders have questioned the delivery of the government's proposed "First Homes" policy of selling discounted new-build houses to local buyers. The scheme was outlined yesterday as part of the Queen's speech.



The policy, which will see developers pay for homes to be sold at a 30% discount to local first-time buyers, has been compared to the failed £2bn Starter Homes programme, which ended up with no homes being built.

Vadim Toader, founder of equity loan provider Proportunity, said the "considerable failure" of the Starter Homes scheme meant the new policy should be viewed with some scepticism. "Limiting this policy to local homes restrains the opportunities available to young people, who may want to live elsewhere for better job opportunities or quality of life," he said.

"The government is right to look for new measures to encourage homeownership among young people, but should be focusing on removing the main obstacle to getting on the housing ladder – sky-high deposits."

However, other commentators said the policy could work if the lessons from the Starter Homes failure were learned. Dean Clifford, co-founder of Great Marlborough Estates, said that keeping the 30% discount in perpetuity, as outlined yesterday, would help overcome some of the objections from mortgage lenders around house valuation that undermined the Starter Homes initiative.

He said: "While many will no doubt point to the failed Starter Homes programme, the proposed discounted homes for local buyers and key workers is in fact a perfectly workable policy and helps meet people's aspiration of owning their own property."

Others welcomed the fact the Queen's speech included measures to address rented housing and to reform and funding of the planning system, as well as homeownership. Jean-Marc Vandevivere, chief executive of build-to-rent developer Platform, said: "After heavy pro-homeownership rhetoric during the election, this Queen's speech was a welcome sign of a more balanced approach to housing, with greater protections for tenants and planning reform to increase supply, alongside discounted homes for sale for local buyers and key workers."

The commitment to address the funding of planning departments was welcomed by the RIBA. A spokesperson said: "The RIBA has long campaigned for this, and we look forward to working with government nationally and locally to ensure that new resourcing meets the challenge of the housing crisis and reflects the broad range of professional expertise required to deliver high-quality buildings, places and communities."